

In re Estate of Jeffry Picower Settlement

Prepared Remarks for U.S. Attorney Preet Bharara December 17, 2010

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Just a few minutes ago, a Manhattan federal judge approved a settlement agreement between my office and the Estate of Jeffrey Picower, represented by his widow, Barbara Picower. The agreement resolves a complaint we filed this morning seeking to recover the profits that the Picowers received over the course of 35 years from Bernard Madoff -- monies we now know were the proceeds of the largest Ponzi scheme in all of history.

Under the terms of the settlement agreement, Barbara Picower has agreed to forfeit to the United States a little over \$7.2 billion, a figure that represents every last dollar of the Picowers' profit from Madoff's epic fraud.

Because Barbara Picower today has done the right thing, \$7.2 billion more will now be available to pay back Madoff's many victims, victims who collectively lost approximately \$20 billion in principal. And so I commend Barbara Picower for agreeing to turn over this truly staggering sum -- which really was always other people's money.

This settlement represents the largest forfeiture recovery in U.S. history. More importantly, this settlement provides a significant measure of hope for the many victims of Bernard Madoff's horrific crimes, crimes which Judge Denny Chin described as "extraordinarily evil."

This settlement is the most substantial step to date in the ongoing effort to make Madoff's victims whole.

Combined with the approximately \$2.6 billion Irving Picard has, through Herculean efforts, already recovered to date, along with the funds my office has gathered through criminal and civil forfeiture proceedings, today's settlement marks a major milestone: with close to ten billion dollars now recovered, we have together collected close to 50 percent of the principal that victims lost to Madoff's Ponzi scheme. And our asset recovery work is, of course, continuing.

Before I go any further, let me introduce and thank the partners standing with us today. First, it is a great pleasure to be joined by Orlan Johnson and Steve Harbeck, the Chairman and President of Securities Investor Protection Corporation (or SIPC).

Second, Irving Picard, the Trustee for the Madoff-BLMIS bankruptcy now pending in the United States Bankruptcy Court for the Southern District of New York, and his counsel, David Sheehan, are also here. And I want to commend them for their tireless work in identifying and recovering so many assets for Madoff's victims.

I also want to recognize our law enforcement partners for their dogged efforts in this case:

- Janice K. Fedarcy, the Assistant Director-In-Charge of the New York Office of the Federal Bureau of Investigation
- John Tafur, the Assistant Special Agent-in-Charge of the New York Field Office of the IRS, Criminal Investigation Division; and
- Joseph Guccione, the United States Marshal for the Southern District of New York

Finally, I want to recognize and thank the career prosecutors from my office -- Lisa Baroni, Julian Moore, Barbara Ward, and Matthew Schwartz -- who have worked so hard to reach the settlement we announce today, led by the Chief of our Securities and Commodities Fraud Task Force, Christopher Garcia.

I also want to thank Boyd Johnson, the Deputy U.S. Attorney, who personally oversaw and helped to negotiate this historic settlement.

Now, in the two years since December 11, 2008, when Madoff was arrested, Assistant United States Attorneys from my office have worked methodically and deliberately in pursuit of two equally important goals. First, to hold criminally accountable all of those who enabled Madoff to carry out his ruthless con. To date, we have indicted eight people, convicted three of them, and ensured that Madoff himself, in addition to forfeiting his ill-gotten gains, will spend the rest of his natural life behind bars.

The five defendants whose cases are pending are, of course, presumed innocent unless and until proven guilty, and their cases will play out here in Manhattan federal court. Meanwhile, the criminal investigation in this matter is still ongoing.

Our second goal has been to use all of our legal authorities, in close coordination with the Trustee, to maximize the recovery of assets for Madoff's victims. Through the work of the U.S. Marshal, Joseph Guccione, we have seized and forfeited every piece of tainted property possible -- from cash to real estate to personal property -- and today we add \$ 7.2 billion to the effort.

Now, the settlement agreement approved today provides that \$5 billion of the \$7.2 billion will be turned over to the Trustee for payment to Madoff customers with allowed claims; the other \$2.2 billion will in turn be paid to the U.S. Department of Justice's Asset Forfeiture Fund through my Office, also for payment to victims. In the end, the entire \$7.2 billion will be distributed to victims by Mr. Picard in his now dual roles as Trustee for the bankruptcy and Special Master for the Department of Justice's remission and mitigation process.

And although there is still some legal process that must unfold, we hope and expect to make a distribution to victims in the first half of the new year.

As evidenced by our \$625 million settlement with Carl Shapiro and his family last week, and now with today's settlement with the Picower Estate, we are committed to using every enforcement and recovery tool at our disposal -- criminal or civil -- to ensure that any and all proceeds of Madoff's crimes are identified and gathered for the victims.

We are proud to be working shoulder-to-shoulder with SIPC and the Trustee -- and, of course, with our partners at the FBI, the IRS, and the US Marshal -- in this effort. All of Madoff's victims should know that this vital work will continue.

And now it's my true pleasure to introduce Orlan Johnson, the Chairman of SIPC (Securities Investor Protection Committee).